

National Organic Coalition

March 30, 2006

Testimony of

Steven Etko

Legislative Coordinator, National Organic Coalition

submitted to the

House Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies

regarding

Fiscal Year 2007 Appropriations Requests

March 30, 2006

Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations
2362A U.S. House of Representatives
Rayburn House Office Building
Washington D.C. 20515-6016
Attn: Jamie Swafford

I, Steven Etko, I have not received any federal grants or contracts in Fiscal Years 2004, 2005 or 2006.

However, one member organization of the National Organic Coalition received a small multi-year grant which concluded in November of 2005. Specifically, the Northeast Organic Farming Association- Interstate Council received a grant of \$33,014 from the Sustainable Agriculture Research and Extension (SARE) Program at USDA/CSREES for the creation of manuals regarding organic agriculture.

Thank you,

A handwritten signature in black ink that reads "Steven D. Etko". The signature is written in a cursive style with a large initial "S".

Steven D. Etko
Legislative Coordinator
National Organic Coalition

Chairman Bonilla, Ranking Member DeLauro, and Members of the Subcommittee:

My name is Steven Etka. I am submitting this testimony on behalf of the National Organic Coalition (NOC) to detail our requests for fiscal year 2007 funding for several USDA marketing, research, and conservation programs of importance to organic agriculture.

The National Organic Coalition (NOC) is a national alliance of organizations working to provide a voice for farmers, ranchers, environmentalists, consumers and others involved in organic agriculture. The current members of NOC are the Center for Food Safety, Rural Advancement Foundation International -USA, National Cooperative Grocers Association, and the Northeast Organic Farming Association -Interstate Council.

We urge the Subcommittee's strong consideration of the following funding requests for various USDA programs of importance to organic farmers, marketers and consumers:

USDA/ Agricultural Marketing Service (AMS)

National Organic Certification Cost-Share Program Request: \$1.5 million

In recognition of the costs to farmers and handlers associated with the process of organic certification, the National Organic Certification Cost Share program was authorized by Section 10606 of the Food Security and Rural Investment Act of 2002. In Fiscal Year 2002 initial funding of \$5 million was provided for this program through the Commodity Credit Corporation (CCC) to AMS. The assistance provided by this program has been particularly critical to small-to-medium scale farmers and handlers struggling with the costs of mandatory organic certification and required annual updates. Unfortunately, the initial CCC funding for this program has been fully expended. Therefore, we are seeking stop-gap funding of \$1.5 million from the CCC to keep the program running until the program can be reauthorized.

Organic Standards- Request: 3.13 million

In Fiscal Year 2006, Congress specified funding of \$2.026 million for the AMS category of "Organic Standards." In the President's Fiscal Year 2007 budget submittal, a request was made for \$3.13 million for AMS "Organic Standards." We support the President's budget, in order to provide the National Organic Program with greater resources for certifier training, National Organic Standards Board support, enforcement, and public outreach and education on upcoming rulemaking processes.

For several years, report language has been included in the Senate report strongly urging the National Organic Program to take action on several unfulfilled statutory requirements. Specifically, the Senate report language in Fiscal Years 2004, 2005, and 2006 called on the NOP to hire an Executive Director for the National Organic Standards Board and to establish an on-going Peer Review Panel, as called for in OFPA, to provide oversight and advice to the NOP regarding the accreditation process for organic certifiers.

While progress has been slow in complying with these statutory requirements, the members of the National Organic Coalition are very pleased that an Executive Director for the National Organic Standards Board has been hired by USDA. This position is critical in helping the NOSB fulfill its statutory role, especially at time of such heavy workload for the Board. We congratulate the NOP for taking this action.

In contrast, the requirements of Section 2117 of OFPA to establish a Peer Review Panel and the further

requirement of Section 205.509 of the Organic rule to establish an annual Peer Review Panel have not been met by the NOP. However, we are pleased that the NOP contracted with the American National Standards Institute (ANSI) to perform an outside audit of the NOP, the results of which were presented in late 2004. The ANSI audit noted numerous technical and procedural deficiencies in the NOP's operations and suggested corrective actions in several areas. In addition, USDA's own Inspector General's office released an audit report regarding the National Organic Program in July of 2005, which was very critical of the National Organic Program's operations, and also suggested several corrective actions that could be taken by the Agency to resolve the problems. The Members of the National Organic Coalition concur with the recommendations of the ANSI and Office of Inspector General (OIG) audits, and believe that if the NOP were to implement these recommendations, it would be a significant step to resolving many of the concerns that have been raised by the organic community regard the NOP's operations.

Recently, a new National Organic Program Director was hired with significant expertise in the area of quality systems management and ISO compliance. We are very encouraged that the new Director's expertise will be helpful in guiding the NOP in implementing the ANSI and OIG audit recommendations. However, we also believe that the House and Senate Agriculture Appropriations Subcommittees should be kept informed by NOP with regular reports on their progress in complying with these recommendations. Therefore, in addition to supporting the Administration's budget request of \$3.13 million for AMS/organic standards, we are requesting that the following report language be included:

The Committee is encouraged that the Agency has hired an Executive Director for the National Organic Standards Board (NOSB), as well as a new Director for the National Organic Program. The Committee also notes that the audits performed by the American National Standards Institute (ANSI) in 2004 and by the USDA Office of Inspector General (OIG) in 2005 made strong recommendations about changes needed in the administration of the National Organic Program. The Committee expects the Agency to take the necessary actions to comply with these recommendations, and to provide a written report to the Committee by December of 2006 regarding the progress in implementing these recommendations. In addition, the Committee expects a report regarding the complaints that the NOP has received about violations of the organic standards, and the progress of the Agency in investigating and responding to those complaints. Finally, the Committee expects the NOP to work closely with the NOSB to implement the Peer Review Panel requirements of OPFA and USDA's organic regulations.

USDA

ORGANIC DATA INITIATIVES

Authorized by Section 7407 of the 2002 Farm Bill, the Organic Production and Marketing Data Initiative states that the "Secretary shall ensure that segregated data on the production and marketing of organic agricultural products is included in the ongoing baseline of data collection regarding agricultural production and marketing." As the organic industry matures and grows at a rapid rate, the lack of national data for the production, pricing, and marketing of organic products has been an impediment to further development of the industry and to the effective functioning of many organic programs within USDA. Because of the multi-agency nature of data collection within USDA, the effort to improve organic data collection and analysis must also be undertaken by several different agencies within the Department:

Economic Research Service (ERS)

Request: \$750,000

***Collection and Analysis
of Organic Economic Data***

In Fiscal Year 2006, Congress appropriated \$500,000 to USDA's Economic Research Service to continue the collection of valuable acreage and production data, as required by Section 7407 of the 2002 farm bill.

Because increased ability to conduct economic analysis for the organic farming sector is greatly needed, we request \$750,000 to be appropriated to the USDA ERS to implement the "Organic Production and Market Data Initiative" included in Section 7407 of the 2002 farm bill.

Agricultural Marketing Service (AMS)

Request: \$1

***Organic Price Collection
million***

Accurate, public reporting of agricultural price ranges and trends helps to level the playing field for producers. Wholesale and retail price information on a regional basis is critical to farmers and ranchers, but organic producers have fewer sources of price information available to them than conventional producers. Additionally, the lack of appropriate actuarial data has made it difficult for organic farmers to apply for and receive equitable federal crop insurance. AMS Market News is involved in tracking product prices for conventional agricultural products, and with funding, could broaden their efforts to include organic price data as well. We request \$1 million to be appropriated to the USDA Agricultural Marketing Service for collection of organic price information.

National Agriculture Statistics Service (NASS)

Request: \$1

***Census Follow-up/Organic Grower Survey
million***

The mission of USDA's National Agricultural Statistics Service (NASS) is to provide timely, accurate, and useful statistics in service to U.S. agriculture. NASS is making an effort to expand the quantity of organic questions in the 2007 census. However, they will need to conduct a follow-up survey to collect more in-depth information on acreage, yield/production, inventory, production practices, sales and expenses, marketing channels, and demographics. Therefore, we are requesting \$1 million for USDA NASS.

USDA/ CSREES

Organic Transitions Program

Request: \$5 million

The Organic Transition Program, funded through the CSREES budget, is a research grant program that helps farmers surmount some of the challenges of organic production and marketing. As the organic industry grows, the demand for research on topics related to organic agriculture is experiencing significant growth as well. The benefits of this research are far-reaching, with broad applications to all sectors of U.S. agriculture, even beyond the organic sector. Yet funding for organic research is minuscule in relation to the relative economic importance of organic agriculture and marketing in this nation.

The CSREES Organic Transition Program was funded at \$2.1 million in Fiscal Year 2003, \$1.9 million in Fiscal Year 2004, and \$1.88 million for both Fiscal Years 2005 and 2006. Given the rapid increase in demand

for organic foods and other products, and the growing importance of organic agriculture, the research needs of the organic community are expanding commensurately. Therefore, we are requesting that the program be funded at \$5 million in Fiscal Year 2007. In addition, we are requesting that the Organic Transition Program remain a separate program, and not be subsumed within the National Research Initiative, as proposed in the President's budget.

USDA/CSREES

National Research Initiative (NRI)

Request: Language directing CSREES to add a new NRI program area to foster classical plant and animal breeding

In recent decades, public resources for classical plant and animal breeding have dwindled, while resources have shifted toward genomics and biotechnology, with a focus on a limited set of major crops and breeds. Unfortunately, this shift has significantly curtailed the public access to plant and animal germplasm, and limited the diversity of seed variety and animal breed development. This problem has been particularly acute for organic and sustainable farmers, who seek access to germplasm well suited to their unique cropping systems and their local environment. Without renewed funding in this arena, the public capacity for plant and animal breeding will disappear.

In both of fiscal years 2005 and 2006, the Senate Agriculture Appropriations Subcommittee included report language raising concerns about this problem, and urging CSREES to give greater consideration to research needs related to classical plant and animal breeding, when setting priorities within the National Research Initiative. Despite this report language, research proposals for classical plant and animal breeding that have sought NRI funding in the past couple of years have been consistently declined. Further, the shift in NRI toward work on genomics and biotechnology continues, to the exclusion of classical plant and animal breeding.

As the nation's preeminent agricultural competitive grants program, the National Research Initiative should be funding classical plant and animal breeding activities. The NRI currently has over 30 program areas of focus. We are requesting that an additional program area be created within the NRI to foster this important research, and that this new program area be entitled, "**Classical Plant and Animal Breeding to Foster More Diverse, Energy Efficient and Environmentally Sustainable Agricultural Systems.**"

USDA/CSREES

Sustainable Agriculture Research and Education (SARE)

**Request: \$15 million (Chapter 1)
and \$5 million (Chapter 3)**

The SARE program has been very successful in funding on-farm research on environmentally sound and profitable practices and systems, including organic production. The reliable information developed and distributed through SARE grants have been invaluable to organic farmers. We are requesting \$15 million for Chapter 1 and \$5 million for Chapter 3 for Fiscal Year 2007.

USDA/Rural Business Cooperative Service

Appropriate Technology Transfer for Rural Areas (ATTRA)

Request: \$3.1 million

ATTRA is a national sustainable agriculture information service, which provides practical information and technical assistance to farmers, ranchers, Extension agents, educators and others interested in sustainable agriculture. ATTRA interacts with the public, not only through its call-in service and website, but also provides numerous publications written to help address some of the most frequently asked questions of farmers and educators. Much of the real-world assistance provided by ATTRA is extremely helpful to the organic community. As a result, the growth in demand for ATTRA services has increased significantly, both through the website-based information services and through the growing requests for workshops. We are requesting \$3.1 million for ATTRA for Fiscal Year 2007, representing a \$600,000 increase over FY 2005 and FY 2006 levels. These funds would be used to initiate a Farm Energy Initiative, to respond to the high demand for information and technical assistance from farmers about ways to increase their energy efficiency in response to high energy costs.

USDA/ARS

Strategic Regional Programming for Organic Agricultural Research

Request: \$10 million, divided between regions

In 2005, USDA- ARS spent about \$3.5 million on organic-specific projects, or about 0.35% of the overall ARS budget for Fiscal Year 2005. Given its growing importance in the overall agricultural economy, the commitment by ARS to organic research must be greatly enhanced.

Distributed among the 7 Regional Areas and the ARS National Program Office, this funding would provide needed flexibility to better address the broad needs and opportunities of the organic production and processing sector. Funding will be allocated by the Area Directors to: 1) maintain and enhance existing CRIS projects, scientists and technicians whose objectives are specific to organic production and processing; and 2) provide support to integrate organic agriculture objectives into other projects, when such capacity exists.

USDA/ NRCS

Conservation Security Program

Request: No Funding Limitation

USDA/ Rural Business Cooperative Service

Value-Added Producer Grants

Request: No Funding Limitation

The Conservation Security Program (authorized by Section 2001 of the 2002 farm bill) and the Value-Added Producer Grant (authorized by Section 6401 of the 2002 farm bill) have great potential to benefit organic producers in their efforts to conserve natural resources and to explore new, value-added enterprises as part of their operations. Unfortunately, while these programs were authorized to operate with mandatory funding, their usefulness has been limited by funding restrictions imposed through the annual appropriations process. We are urging that the Conservation Security Program and the Value-Added Producer Grant Program be permitted to operate with unrestricted mandatory funding, as authorized.

Thank you for this opportunity to testify and for your consideration on these critical funding requests.